

transfer of credit without upsetting the financial fabric of Europe and provision was made that payment might be made in gold or silver, in notes of the banks of England, Prussia, Holland, or Belgium, or in first class bills of exchange. Bills not payable in Germany were to be valued at their net proceeds after deducting the cost of collection. It was afterwards agreed that the portion of the Eastern Railway of France which was situated in the ceded province of Alsace, and was the property of the French government, should be accepted for 325,000,000 francs of the indemnity, and that 125,000,000 francs should be received in notes of the Bank of France.

Three things had to be accomplished in order to pay the indemnity within the time set. The credits had to be transferred to the French government by taxation or the sale of securities ; the proceeds had to be converted into obligations acceptable to the German government; and these obligations had to be paid or transferred to the credit of Germany. The first step was taken by means of an advance from the Bank of France and the placing of public loans. The bank advanced 1,530,000,000 francs (\$300,000,000) to enable the government to meet promptly the two payments required during 1871. One of the conditions of the payment of the indemnity was that German troops should occupy French soil until the payments were completed. M. Thiers, the president of the new republic, determined to free the country from foreign occupation at the earliest possible moment by anticipating the payments. Two loans were authorized, — one for 2,225,994,045 francs (\$430,000,000) in the summer of 1871, and one of 3,498,744,639 francs (\$675,000,000) in the summer of 1872. They were subscribed many times over and the government thereby obtained the funds for completing the payments and liberating French soil in the summer of 1873.

One of the striking results of this loan was to bring from the hoards of the French peasants and small shop-keepers the gold and silver which had been accumulating for generations. It was the initiation of whole classes of the French